



House Republicans Provided Extended Unemployment Benefits

*Committee on Ways and Means
January 2003*



Record Extended Benefits Provided

- March 2002 law provided \$11 billion in extended benefits. Along with \$8 billion transfer, \$19 billion total is unprecedented in single law.
- January 2003 extension added \$7 billion more.
- Extended benefits will help a total of 6 million workers in all States through August 2003.
- Regular, temporary, and extended benefits now last up to 9 months in all States and up to 12-15 months per worker where jobs are scarce.

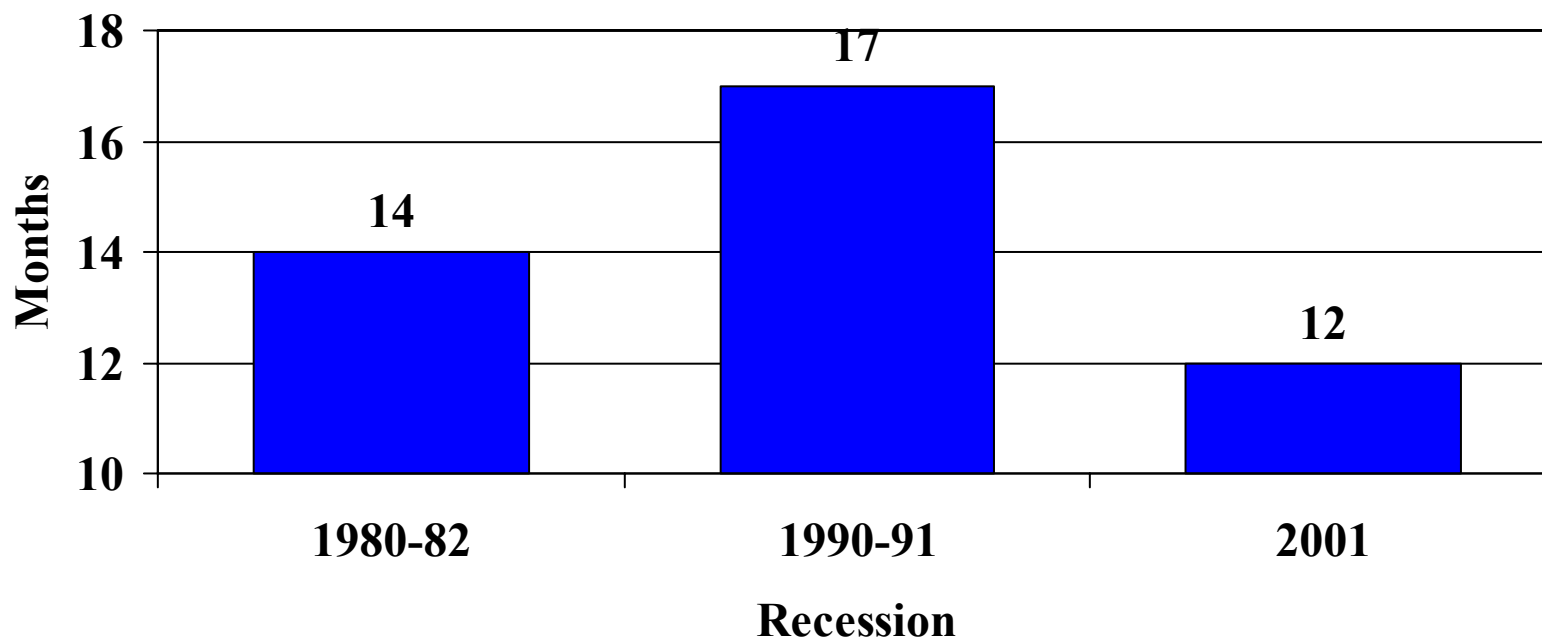


Multiple Aid Bills after 9/11/01

1. H.R. 3090, October 24, 2001: Transfer \$9 billion in Federal funds to States.
2. H.R. 3529, December 20, 2001: Transfer \$9 billion; extend benefits up to 3 months.
3. H.R. 622, February 14, 2002: Transfer \$9 billion; extend benefits up to 3 months, and up to 6 months in high unemployment States.
4. **H.R. 3090, March 7, 2002 (P.L. 107-147): Transfer \$8 billion; extend benefits up to 3 months, and up to 6 months in high unemployment States, aiding 4 million workers.**
5. H.R. 5063, November 14, 2002: Extend temporary program 5 weeks for 800,000 unemployed workers.
6. **S. 23, January 8, 2003 (P.L. 108-1): Extend temporary program through May 2003, with phaseout through August 2003, aiding 2 million more workers.**

Extended Benefits Available Sooner

Months from Start of Recession to
Availability of Extended Benefits

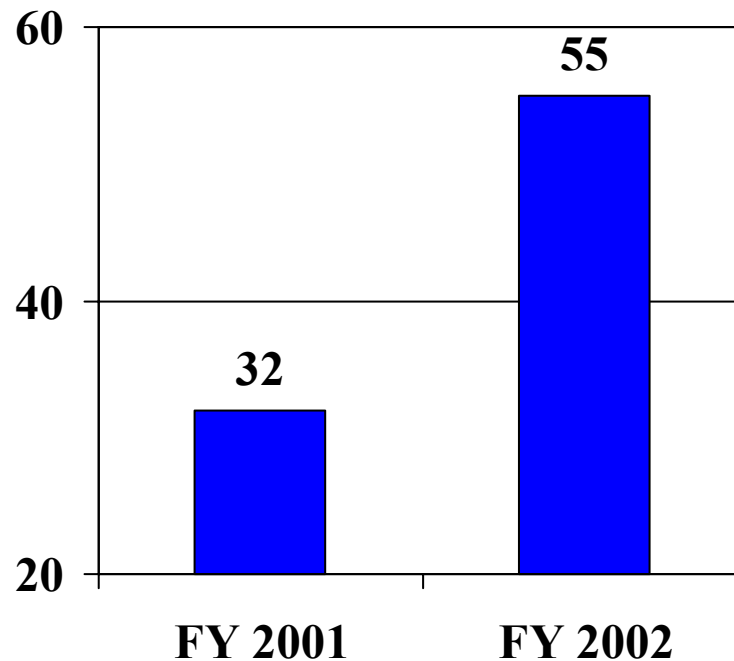


Source: DOL

Courtesy of Committee on Ways and Means

Unemployment Benefit Spending Rose Dramatically

Unemployment Outlays (\$B)



Source: CBO

- Unemployment outlays rose \$23 billion (72%).
- Largest one-year increase since 1980.



Current Conditions Are Improving

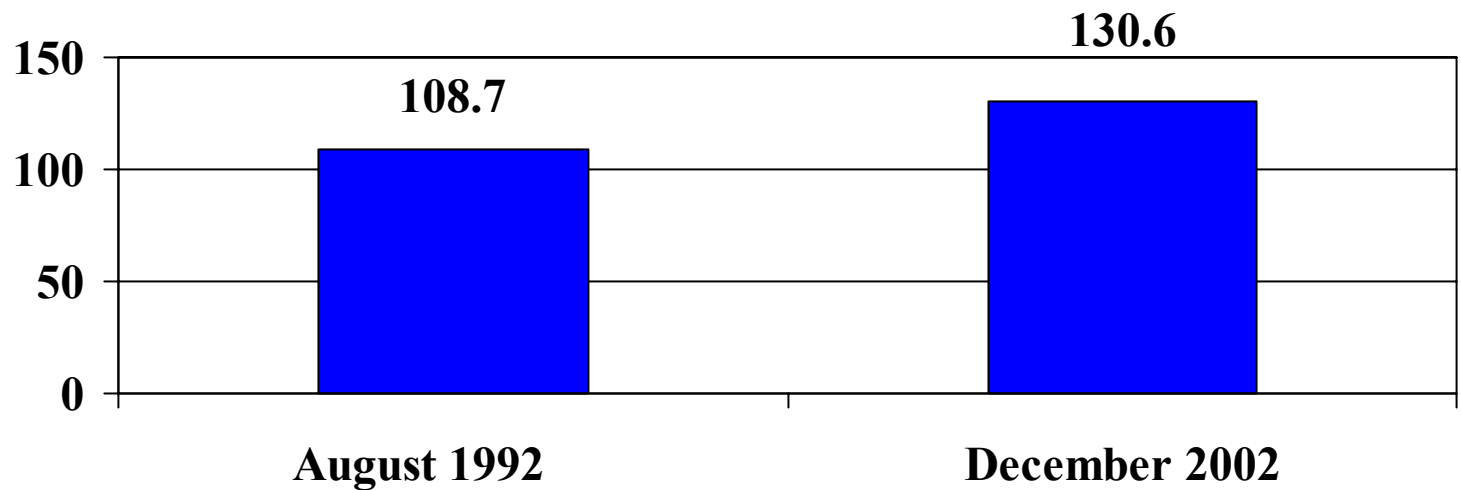
House Republicans acted quickly in the wake of the 9/11/01 attacks. Today's conditions indicate a growing economy. Compared to prior recessions, today there are:

- (1) more jobs;
- (2) lower unemployment rates;
- (3) fewer unemployed workers overall; and
- (4) fewer long-term unemployed workers.



22 Million More Jobs Today

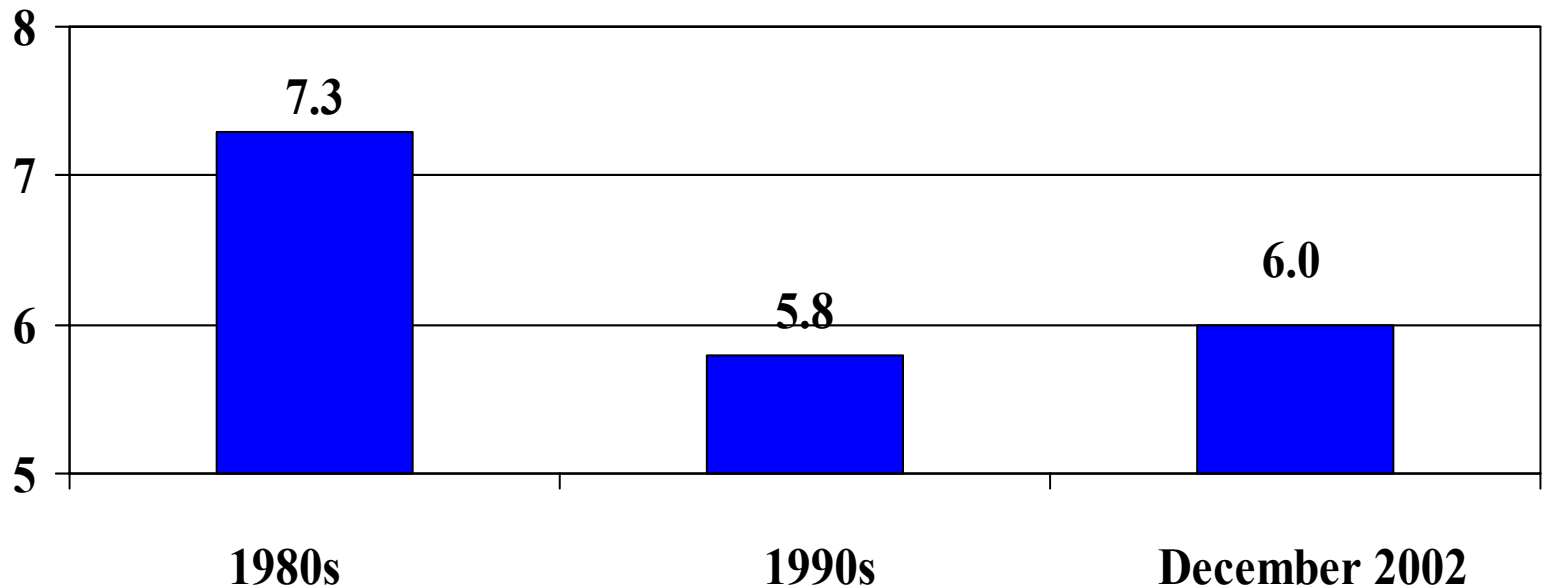
Total Nonfarm Employment, Seasonally Adjusted:
1990s Recession and Current



Source: DOL-Bureau of Labor Statistics

Current Unemployment Rate Below Average for All of 1980s

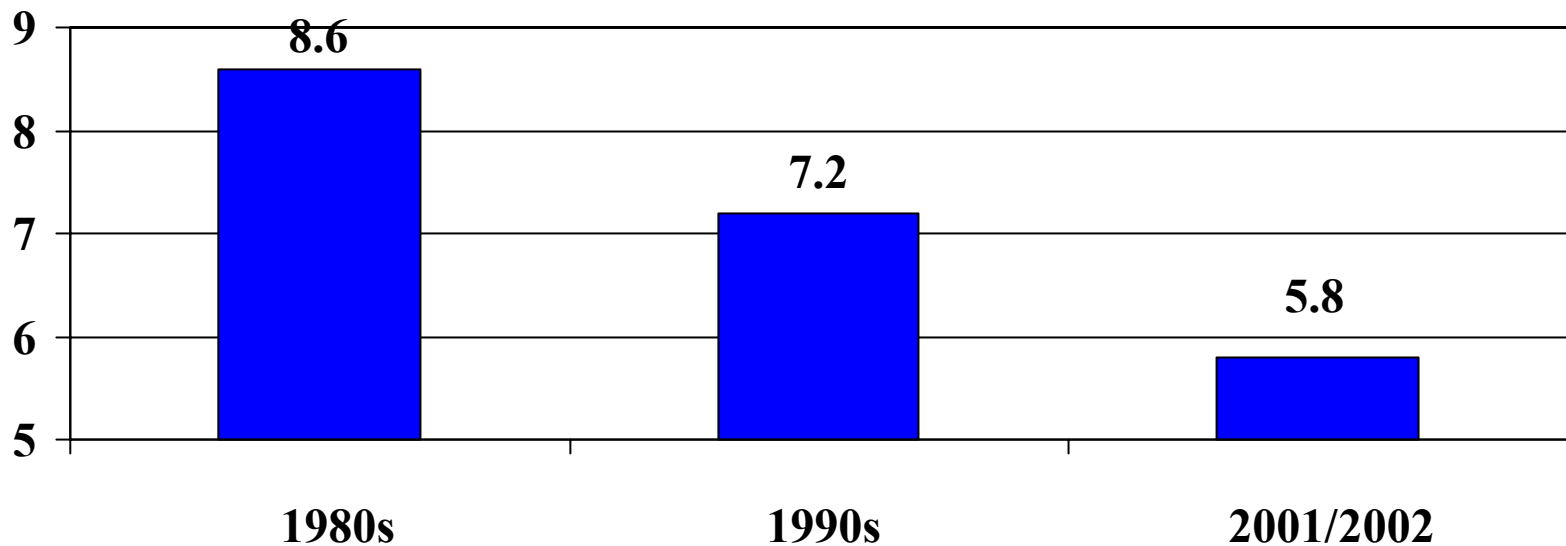
Unemployment Rate: Recent Decades and Current





Extended Benefits Provided at Lower Unemployment Rates than Before

Average Unemployment Rate While Extended Benefits Provided,
Recent Recessions and Current

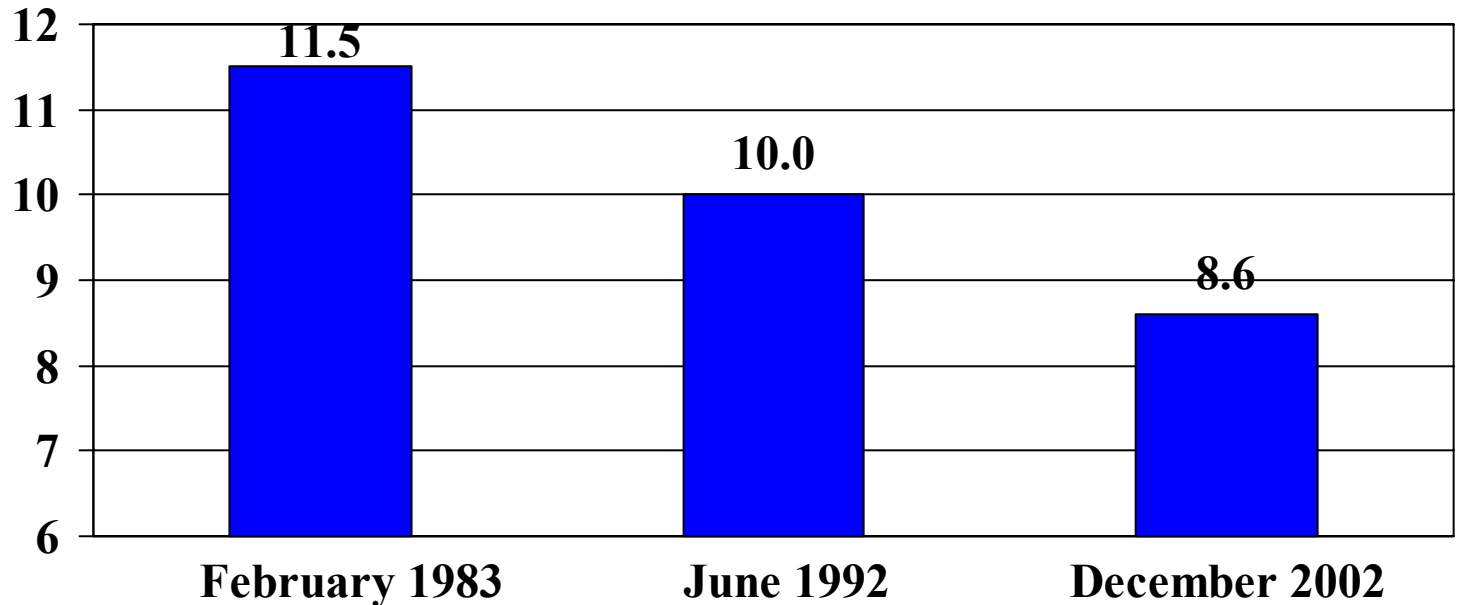


Source: DOL



Fewer Unemployed Today

Millions of Unemployed: Recent Recessions and Current

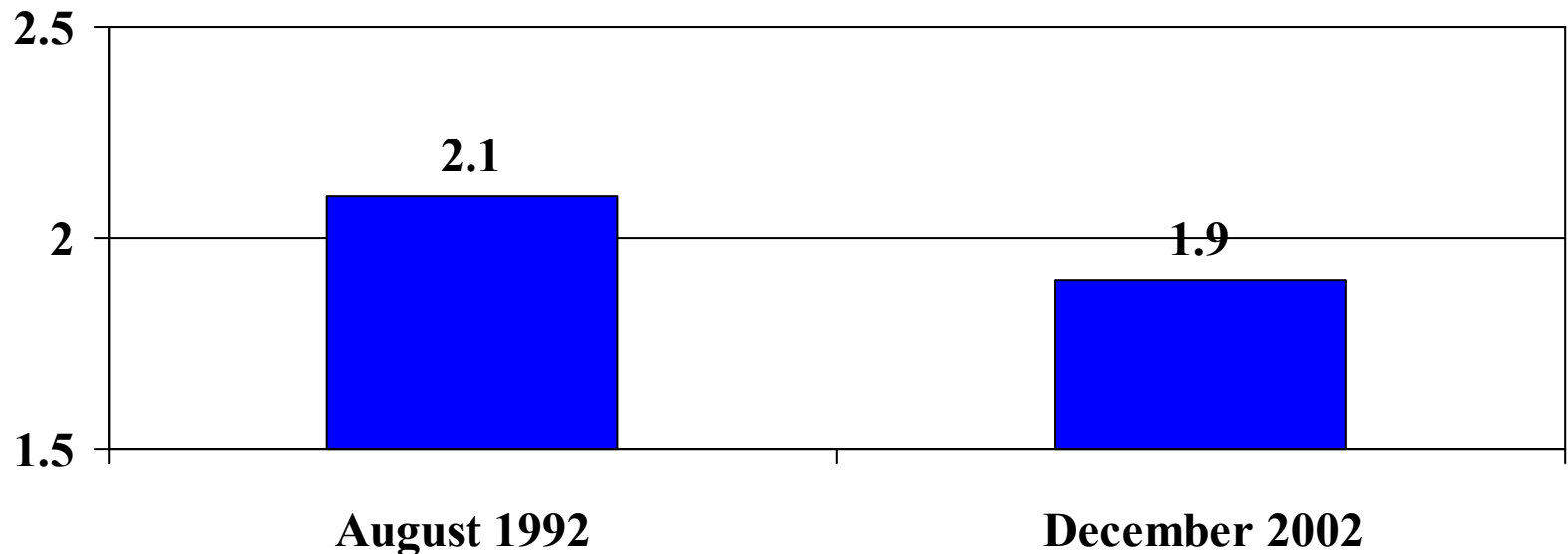


Source: DOL. Note: The civilian labor force increased by 32 million (29 percent) from February 1983 to December 2002.



Fewer Long-Term Unemployed

Millions of Long-Term Unemployed (27+ Weeks):
1990s Recession and Current



Source: DOL



Downsides of Longer, Untargeted Extensions

“The expiration of benefits typically helps the economy, forcing people to find work eventually and preventing unemployment stretches from reaching the length they do in Europe, where benefits are more generous, economists say.”

(New York Times, September 9, 2002)

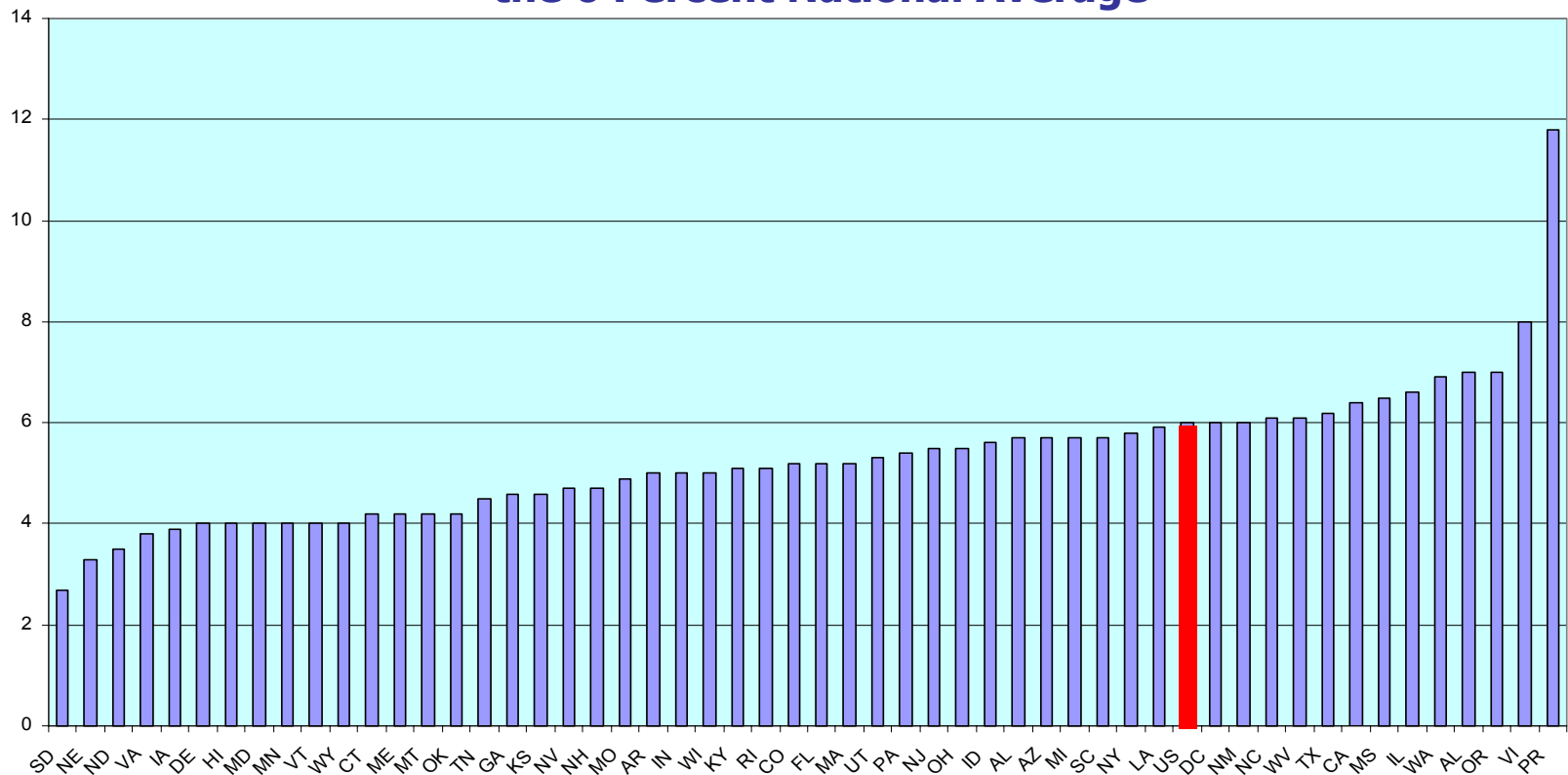


Extended Benefits Should Be Targeted

- December 2002 unemployment rate was 6.0%, but 40 States recently had rates below that level.
- 21 States had unemployment rates below 5%.
- Extended benefits should be targeted to States where the economy is weak and jobs are hard to find.

Most State Unemployment Rates Below National Average

40 States Have Unemployment Rate Below the 6 Percent National Average*



Source: DOL. *State data equals most recent 3-month seasonally adjusted unemployment rate; national rate for December 2002.



January 2003 Law Continues Targeted Program

- January 2003 law continues March 2002 temporary extended benefits program.
- New recipients can become eligible through May, with benefits available through August 2003.
- Benefits available in every State, but more targeted at high unemployment States.
- 2 million new recipients, at cost of \$7 billion.



Democrats Plans Costly, Drain Trust Funds

- The Democrat benefit extension plan would cost \$18 billion in 2003. Other Democrat bills to expand unemployment benefits even more would add another \$6-7 billion.
- The estimated total \$25 billion cost would drain the Federal unemployment trust funds, which totaled \$25 billion in December 2002.